

# Exhibit 8

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Safety Shot \_ Warrants For Aggressive Growth Investors (NASDAQ \_ SHOT) \_ Seeking Alpha

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# Safety Shot: Warrants For Aggressive Growth Investors

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**Robert F. Abbott**

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## Summary

- Safety Shot has undervalued warrants that expire in 2026, providing an opportunity for aggressive investors.
- Safety Shot is a company focused on its blood alcohol detox drink that claims to speed up recovery from hangovers.
- The company expects growth through growing sales of its detox drink, expansion into different distribution channels, and licensing agreements.

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## Thesis

Safety Shot (NASDAQ:[SHOT](#)) is a newly-listed company, with warrants (NASDAQ:[SHOTW](#)) that expire on July 26, 2026. These are currently undervalued and provide an opportunity for aggressive investors to pursue capital gains.

## About Safety Shot

Formerly known as Jupiter Wellness Inc., the company purchased the blood alcohol detox drink Safety Shot in August 2023. In conjunction with this acquisition, it changed its name to Safety Shot and changed its Nasdaq trading symbol to SHOT.



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The firm has multiple products and owns numerous patents, but obviously, the Safety Shot drink is its main focus. According to the company, it is, “an over-the-counter drink that can lower blood alcohol content to allow recovery from the effects of alcohol at a rate faster than would occur normally.”

In a December 11, 2023 [press release](#), the company wrote, “ Safety Shot is no ordinary drink; it's the revolution in recovery that will redefine nightlife experience and transform mornings.” Some of us might just say it's a quicker way to recover from a hangover. The firm claims its drink provides relief in half an hour, while competitors' products require hours to work.

## What is a warrant?

Consider this type of security a derivative, and in this case, an equity derivative because the warrant prices relate to the prices of Safety Shot shares.

In some senses, a warrant resembles a stock option. First, it gives an owner the right but not the obligation to buy Safety Shot shares at a specific price in the future. Second, warrants, like options, can be calls or puts. In the SHOTW case, we are looking at the call side. And, they trade like shares.

Investors or speculators can buy warrants for less than the cost of the stock, providing the purchaser with leverage. If the stock price hits a predetermined target, or exercise price, before the expiry date, the warrant can be exchanged for a share of stock, at the warrant price. Shares of SHOTW also can be sold on the open market.

As with call options, this leverage can provide rich rewards—or leave the investor with nothing (a complete loss) if the company's shares fail to hit the exercise price before expiry.

## SHOTW warrants

In connection with its Initial Public Offering, Safety Shot issued 12,049,792 warrants, in two tranches (as listed in its [prospectus](#)):

1. “Company Warrants”: 11,607,142 units convertible into an equal number of shares. They have an exercise price of \$1.40 and are exercisable until July 26, 2026.
2. “Underwriter's Warrants”: 442,650 units with an exercise price of \$3.50, until July 26, 2026.

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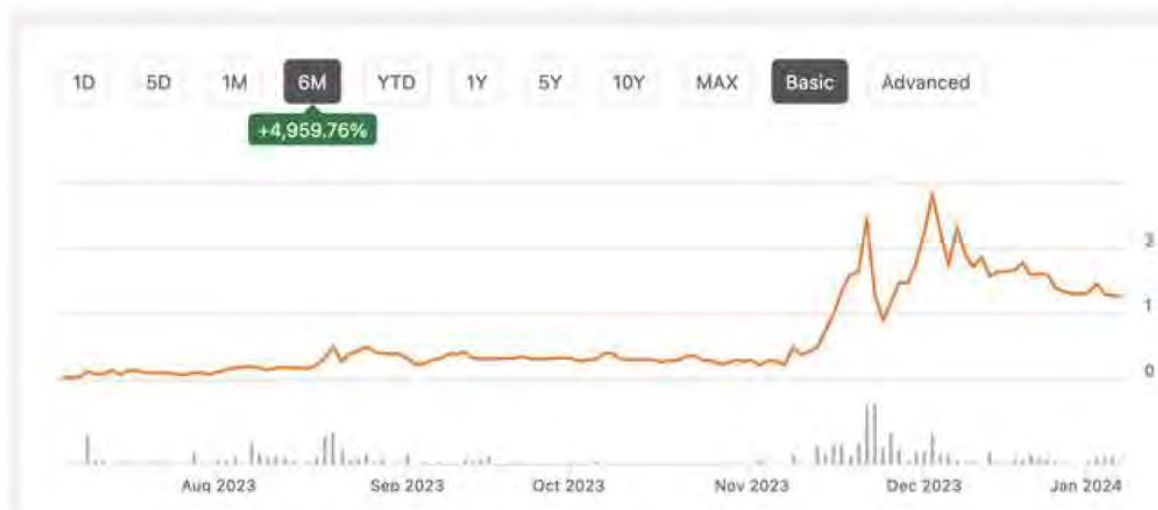
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Earlier, it had issued warrants that would expire on January 10, 2025, and there have been others. This table, from the third-quarter 2023 10-Q, shows there were just over 22 million warrants outstanding at the end of September:

	Number of Warrants	Exercise Price
<b>Balance at December 31, 2021</b>	<b>13,698,125</b>	<b>\$ 3.24</b>
Warrants issued in connection with Convertible Notes	1,460,000	.093
Warrants issued in connection with Convertible Notes	800,000	.093
<b>Balance at December 31, 2022</b>	<b>15,958,126</b>	<b>\$ 2.91</b>
Warrants issued in Public Offering	9,260,554	.093
Warrants issued for services	400,000	1.23
Warrants exercised in connection with Convertible notes	(1,200,000)	0.93
Warrants exercised in connection with PIPE	(2,379,084)	0.93
<b>Balance at September 30, 2023</b>	<b>22,039,596</b>	<b>\$ 2.37</b>
Warrants Exercisable at September 30, 2022	22,039,596	\$ 2.37

SHOTW warrants table (10-Q third quarter 2023)

This article will focus on the Company warrants, with an exercise price of \$1.40. At the close on January 5, 2024, the warrants traded at \$1.27, slightly lower than the strike price:



SHOTW warrant price chart (SeekingAlpha)

At the moment, then, investors who bought units at the issue price of \$1.40 are in the red. A higher price will depend on profitable financials in the next several quarters and how the market reacts to those results.

## Prospects for Safety Shot



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According to the company's literature, the future is bright. In its December 11 press release, it reported a successful West Coast Launch on December 7th. It sold out on the first day of availability on its direct-to-consumer website.

The release added that it expected to have two million cans in stock and ready to ship by the middle of this month. Assuming that stock also sells out, Safety Shot's sales would increase by \$10 million. That would roughly triple its revenue from its TTM of \$4.9 million.

Its initial introduction events include a Luke Bryan concert and the Coachella Valley Music and Arts Festival in April. Plans also include developing multiple distribution channels beyond its online channel. They include physical retail stores, as well as venues such as sporting events, other concerts, bars, and restaurants.

It reported in the 10-Q that it expected to launch the drink through Amazon.com ([AMZN](#)) and big box stores this year. It also generates revenue through licensing agreements for other products.

In addition, the company has other products with small revenue streams, and is building a pipeline of products that may have some impact on its fortunes in the medium and long terms.

## Financials

So far, Safety Shot the company has rung up costs, but its main product has just launched, so the income statement information below should be taken as preliminary. The data below were taken from the Q3 financials:

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Safety Shot Income Statement		For the nine months ending Sept. 30	
		2023	2022
<b>Revenue</b>			
Sales		3,971,130	5,291,136
Cost of Sales		3,162,352	4,255,374
Gross profit		808,778	1,035,762
<b>Operating expense</b>			
General and administrative ex		7,677,796	5,610,585
Impairment of Promissory Not		-	1,000,000
		7,677,796	6,610,585
<b>Other income / (expense)</b>			
Interest income		57,115	1,424
Interest expense		221,010	1,124,371
Other income / (expense)		1,236,720	4,813
Gain / (loss) on deconsolidatio		409,549	-
Unrecognized gain / (loss) on e		726,884	-
Total other income (expense)		2,537,048	1,118,134
<b>Net (loss)</b>	\$	9,406,066	\$ 6,692,957
<b>Net (loss) per share:</b>			
Basic	\$	\$0.34	\$ 0.30

SHOTW income statement (Q3- 2023 10-Q)

As of last September 30<sup>th</sup>, Safety Shot had an accumulated deficit of \$60 million, up from \$50.6 million at the same time in 2022. In the same section of the 10-Q, it reported \$4.4 million of cash and \$3.9 million of working capital. It also expects significant costs for its expansion and development plans. As a result, "These conditions have raised doubt about the Company's ability to continue as a going concern as noted by our auditors, M&K CPAS, PLLC."

Its debt-to-equity ratio for the most recent quarter is a whopping 39.86 (which helps explain the short interest). Still, that warning may not stand, since it is just now launching its most important product.

Therefore, Q1 and Q2 results for this year will be bellwethers; if it can sell all or most of its two million can inventory, it should become a viable company and a going concern.

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## Risks

Obviously, price risk will be the main concern, for reasons already discussed. But a few other issues should be noted:

- There is a significant amount of [short interest](#), which stood at 14.79% on January 5<sup>th</sup>, 2024.
- Investors who successfully convert their warrants into shares may face devaluation through dilution. In the 10-Q, the company reported 39,817,783 shares outstanding. We also know there are 12,049,792 Company and Underwriter warrants. Assuming all those warrants convert into shares, we're looking at a dilution of roughly 30%.
- SHOTW has a low capitalization, \$152.11 million, and is lightly traded, so it may be difficult to get the price you want when you sell.

## Valuation

Using the Black-Scholes calculator at [MyStockOptions](#), we arrive at a valuation of \$2.83 per warrant:



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## Black-Scholes Calculator

To calculate a basic Black-Scholes value for your stock options, fill in the fields below. The data and results will not be saved and do not feed [the tools on this website](#). Remember that the actual monetary value of vested stock options is the difference between the market price and your exercise price.

To learn more about the the Black-Scholes method of valuing employee stock options, see our [Valuation & Expensing](#) section.

**Black-Scholes Value:**

**2.826**

Stock Price  
(in USD)

3.4

(ex. 31.55)

Exercise Price  
(in USD)

1.4

(ex. 22.75)

Time to maturity  
(in years)

2.5

(ex. 3.5)

Annual risk-free interest rate

3.9%


(ex. 5%)

Annualized volatility

133%

(ex. 50%)

Calculate

*This calculator does not consider dividends paid on your stock and would thus not be accurate for companies that pay them.* 

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SHOTW value from Safety Shot (mystockoptions.com) [User Agreement](#)

Black-Scholes is used to calculate the theoretical value of stock options and warrants. The stock price of \$3.40 is from mid-day Friday, January 5<sup>th</sup>; the exercise price comes from the prospectus; the time to maturity refers to July 26, 2026; the annual risk-free interest rate comes from 10-year treasury bills on January 5<sup>th</sup>, and the annualized volatility rate comes from Safety Shot's options chain (\$3.00 strike for August 16, 2024, the furthest out).

This calculation it gives us a starting point, suggesting that the warrants are undervalued by \$1.46 or 106% (\$2.83 - \$1.37).

## Conclusion

Safety Shot, a newly-emerged corporation with a product that claims to speed up recovery from hangovers, has had encouraging early responses. We should find out if can live up to its promise after the first and second quarters of this year.

If it can, the warrants now available at a discount price (according to the Black-Scholes formula), could become worth much more. Aggressive investors may wish to take the plunge now, but risk-averse growth investors will want to see some quarterly results first.

This article was written by



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